Sterling Quality Challenge

Florida Department of Transportation
Feedback Report
May, 1998

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INTRODUCTION

The goal of the Sterling Quality Challenge process is to improve quality throughout the State of Florida by promoting common standards for organizational performance excellence in all public and private business sectors of the State. This process is designed to help an organization lay the foundation for future success. It provides a comprehensive self-assessment opportunity that can help organizations optimize their operations and results.

The Florida Department of Transportation has completed its application, and a team from the Florida Sterling Council Board of Examiners has been on site to verify and clarify the information presented. This Feedback Report is the culmination of the Examiners' site visit findings.

Managing for quality does not end with receiving this Feedback Report or even receiving an award, but compels an organization to maintain and continuously improve Upon its position of excellence. Consistent with this philosophy, the following report is intended to identify the vital few areas of strength and opportunities for improvement on which an applicant organization may wish to take action. The Feedback Report provides an **Executive Summary** of the observations of the Examiners regarding the organization's key strengths and opportunities for improvement, and general recommendations designed to assist the organization in its effort to reach the next level on its continuous improvement journey.

The Report does not prescribe specific programs or techniques with which to improve. The intent is to reflect the views of Sterling Examiners *relative to the requirements of the Sterling Criteria for Organizational Performance Excellence.* These views are expected to enhance the ability of administrators and employees within the organization to analyze their quality effort and to achieve consistently higher levels of quality.

EXECUTIVE SUMMARY

The Examination Team was pleased to find that the organization has made an excellent start on its Quality Journey. Several key organizational strengths were noted as follows:

- The strategic planning process uses a comprehensive system for converting requirements into programs and services. Processes are in place to convert these requirements into long term (25 years) and short term actions.

- The organization uses a number of innovative methods to be more efficient and effective. An example of this is evident in the way it partners with consultants and contractors through the entire design and construction process.

- The organization has been successful at setting priorities and executing programs at a department level while maintaining responsiveness to needs at a local level.

Recommendations:

In order to progress to the next level, the Examination Team recommends that the following recommendations be considered:

1.   The organization should consider adopting the Sterling Criteria for performance excellent a business model. In doing so, all senior leaders should consider expanding their knowledge of the criteria and use it to drive continuous improvement through the Department. The recent appointment of a new Secretary may give the organization a window of opportunity to embrace this charge.

2.   The organization should develop a set of measurements that reflect the outcome and results needed to satisfy its numerous stakeholders. Until such a set of measurements exist, it will be difficult to assess whether performance is leading the organization toward the achievement of stakeholder needs.

3.   The Department should consider increasing the level of employee development and employee involvement by including them in strategy development and deployment, by ensuring that training offerings are aligned to strategic goals, by assessing and improving well-being and motivation and by better aligning the compensation plan with strategic goals. A well trained, highly motivated work force is critical to helping the Department meet its goals.

1.0   Leadership

The Leadership Category examines senior leaders' personal leadership and involvement in creating and sustaining values, organization directions, performance expectations, customer focus, and a leadership system that promotes performance excellence. Also examined is how the values and expectations are integrated into the organization's leadership system, including how the organization continuously learns and improves and addresses its societal responsibilities and community involvement.

Category 1 - <u>Leadership</u>

This category summary addresses the organization's **Leadership System** and ***Organizational Responsibility and Citizenship.***

<u>Strengths</u>

- The Leadership Team has updated the organization's mission and values, which are communicated through articles in the T-News, Focus on Quality, other district and central office newsletters (such as News at 6:00 and EnviroNews), and periodic administrative council and staff meetings. Long term directions are outlined in the 2020 Florida Transportation Plan.

- Training and continuous education for most employees is accomplished through the development of Individual Training Plans. In addition, flexible work schedules and education leave are provided to facilitate employee development and continuous learning. Training goals and required courses have been established for organizational leaders which include evaluating, hiring, interviewing, discipline administration, and a Leadership Academy for progressive management practices.

- The organization demonstrates its commitment to public responsibilities and community involvement through its participation with the 25 state Metropolitan Planning Organizations, the establishment of MPO Executive Administrative Director, and through numerous public hearings. In addition, the organization conducts community blood drives, charity campaigns, safety programs, and statewide environmental support programs. Current and potential impacts on society are addressed through an extensive organizational evaluation process, which reviews the social and environmental impacts on organizational undertakings.

Category I - <u>Leadership</u> ***(cont.)***

This category summary addresses the organization's **Leadership System** and ***Organizational Responsibility and Citizenship.***

Opportunities for Improvement

- The senior leaders do not have a systematic method for assessing and improving the leadership system and their own personal effectiveness. As a result, the leadership System may not improve, which inhibits the ability of the organization to set direction, instill values and achieve high performance.

- Although the organization has extensive processes for tracking and assessing activities and budgets, senior leaders do not have a method for determining the extent to which the organization is achieving key results and outcomes important to its stakeholders. Without tracking the progress of results and outcomes, senior leaders may not be able to accurately determine the organization's ability to accomplish its mission and goals.

2.0 Strategic Planning

The Strategic Planning Category examines how the organization sets strategic directions and how it determines key action plans. Also examined is how the plans are translated into an effective performance management system.

Category 2 - *Strategic Planning*

This category summary addresses organization's **Strategy Development Process** and **Organization Strategy.**

Strengths

- A comprehensive strategic planning process has been created to guide the organization. Input into the strategic the planning process was garnered from numerous sources, including the public, governmental partners and suppliers. The resulting 2020 Florida Transportation Plan links goals, objectives, budgets and work programs and is used to track progress relative to strategic goals.

- The Executive Committee reviews the Resource Plan annually to assure that strategic targets are being met. The Work Program Administration system tracks progress relative to strategic goals. Senior leaders meet monthly to review progress toward the agency's goals by comparing established project implementation scheduled with actual progress as a measure of schedule adherence. Budget amounts for each phase are compared to actual expenditures to measure budget performance.

- The organization has developed seven maintenance and monitoring systems to evaluate safety, pavement, bridges, congestion, public transportation, intermodal facilities and traffic monitoring. In addition, key measures have been established to judge budget, safety, and production performance. These measurement systems assist the organization in planning and tracking progress.

Opportunities for Improvement
- No performance projections are made relative to similar providers. As a result, it may be difficult for the organization to know (1) how it is performing relative to other organizations or state agencies, (2) recognize positive or negative trends, and (3) to ensure plans will position the organization for future success.

Category 2 - <u>Strategic Planning</u>
(cont.)

This category summary addresses the organization's **Strategy Development Process** and **Organization Strategy.**

- While the organization collects performance measures, these are not directly linked to key organizational results and outcomes. As such, the organization may be tracking measures that are not useful or necessary for key business areas, or may not be incorporating useful information into the planning process.

- The strategic plan and its associated goals are not deployed to all levels of the organization. With limited employee involvement and accurate understanding of what is expected, the organization may limit its abilities to achieve its goals and objectives

3.0 Customer Market and Focus

The Customer and Market Focus category examines how the organization determines requirements and expectations of customers and markets. Also examined is how the orgnization enhances relationships with customers and determines their satisfaction.

Category 3 - *Customer Market and Focus*

This category addresses the organization's **Customer** *and* **Market Knowledge** and **Customer Satisfaction** *and* **Relationship Enhancement**.

Strengths

- The organization has multiple processes for customers to seek assistance or complain, such as a Public Information Office in each district, public notifications and media, flyers and newsletters, website, toll free telephone numbers, comment cards, public meetings, on-site visits, as well as interaction with elected officials and governmental agencies. The organization has also provided multilingual public information and instituted the Traveler Information Radio Announcement Program.

- The organization determines customer expectations through a variety of sources, including the Metropolitan Planning Organizations, community traffic safety teams, local government representatives, public workshops and hearings, neighborhood meetings, focus groups and direct mailings. The organization also has implemented the Community Awareness Plan that ensures customers and their needs are considered in the project planning process.

Opportunities for Improvement

- The organization does not have a uniform set of customer contact standards and as such, the organization may limit its ability to improve customer relations and increase customer satisfaction levels.

- The organization does not have a formal method to measure and track customer satisfaction. As a result, the organization may be unable to determine the extent to which customers requirements are being met.

- There is no uniform system for tracking and resolving customer complaints throughout the organization. As a result, the organization may inconsistently manage complaints while missing opportunities to improve customer relations.

Category 3 - <u>Customer Market and Focus</u> (cont.)

This category addresses the organization's ***Customer and Market Knowledge*** and ***Customer Satisfaction*** and ***Relationship Enhancement.***

- The organization has not segmented its customers into groups so that each group's expectations and satisfaction can be determined and measured. This may preclude the organization from knowing if it is effectively meeting the needs of all of its customer groups.

4.0 Information and Analysis

The Information and Analysis Category examines the management and effectiveness of the use of data and information to support key organization processes and the organization's performance management system.

Category 4 - *Information and Analysis*

This category addresses organization's: ***Selection*** *and **Use*** *of Information* and ***Data, Selection*** *and **Use of Comparative Information*** *and **Data**, and **Analysis** and **Review of Organization Performance***.

Strengths

- Data selections are driven by the Executive Committee with input from upper level managers and through a the process determined by a number of factors such as, the need to satisfy a legal mandate and to respond to internal customer requirements.

- Access to data is achieved for employees through a wide and local area network with selected employees being linked to the Internet. Some documents may be accessed electronically and through a website from outside the organization. Notably, the integration of the financial management system has greatly enhanced the organization's ability to monitor the status of work programs.

- Users of the financial and production management, and the operations and planning systems ensure the reliability of data.

Opportunities for Improvement

- The organization does not have a method to obtain employee input on what data are measured and tracked. Without employee feedback to integrate data obtained from all stakeholders into the work processes, management's ability to make sound fact-based decisions may be adversely limited.

- The organization does not have a way for identifying comparative or competitive information. Without a comparison or benchmarking process, the organization may not be accurately gauging its performance and may be limiting learning opportunities.

Category 4 - <u>Information and Analysis</u> (cont.)

This category addresses the organization's: ***Selection and Use of Information and Data, Selection and Use of Comparative Information and Data, and Analysis and Review of Organization Performance.***

- The organization does not analyze such non-financial measures as customer, competitor, program and service performance to set priorities. Without analysis of such non-financial results and outcomes, the organization may not be accurately assessing current or future performance and, may be missing opportunities to move performance to the next level.

5.0 Human Resource Development and Management

The Human Resource Development and Management Category examines how the work force is enabled to developed and utilize it s full potential, aligned with the organization's objectives. Also examined are the organization's efforts to build and maintain an environment conducive to performance excellence, full participation, and personal and organizational growth.

Category 5 - ***Human Resource Development and Management***

This category addresses the organization's: ***Work Systems, Employee Education, Training, and Development,*** and ***Employee Well-Being and Satisfaction.***

Strengths

• The organization recognizes and rewards employees who have exhibited extraordinary performance by completing special projects, increasing productivity or demonstrating career commitment through a Bonus Pay Program.

• A number of recognition programs are in place, such as recognition for distinguished service, productivity, leadership, teamwork, cost saving suggestions, long time service or retirements, and for being a role model.

• Employee input is obtained through the Individual Training Plan and is combined with the Review and Planning Process to determine the overall training needs of the organization. Furthermore, the organization supports the continuous training and education of employees by offering more than 880 statewide training classes.

Opportunities for Improvement

• The compensation system, including the Bonus Pay Program, is not currently designed to specifically reinforce the organization's objectives. As a result, the compensation program may not be rewarding employees for performance that contributes substantially to key objectives and may be rewarding employees whose efforts, while admirable, may not be contributing to the most important issues to the organization.

• The effectiveness of training in improving performance and meeting goals is not measured or tracked. Without a systematic evaluation of all training initiatives, the training choices for employees may not be meeting organizational goals or objectives.

Category 5 - *Human Resource Development and Management (cont.)*

This category addresses the organization's: **Work Systems, Employee Education, Training, and Development, and Employee Well-Being and Satisfaction.**

- The organization does not have a systematic process for assessing employee well-being, satisfaction and motivation. Therefore, it may be difficult for the organization to know whether it has improved morale, well-being and satisfaction.

6.0 Process Management

The Process Management Category examines the key aspects of process management, including customer-focused design, product and service delivery processes, support processes, and supplier and partnering processes involving all work units. The Category examines how key processes are designed, effectively managed, and improved to achieve better performance.

Category 6 - Process Management

This category addresses the organization's: **Management of Product and Service Processes, Management of Support Processes, and Management of programs. Supplier and Partnering Processes.**

Strengths

- Customer needs are identified and collected from the Metropolitan Planning Organization (MPO), Metropolitan Planning Organization Advisory Council (MPOAC), regional planning councils, local governments, topic focus groups, public hearings, and community awareness New or significantly modified products and services are designed and improved through programs such as value engineering, constructability reviews, state university research, process performance reviews, partnering and testing and approval of new products submitted by vendors.

- The organization identifies six key support processes which are evaluated through established in-process and principal measures. In addition, feedback is solicited through Federal and State laws, customer and partner feedback, focus groups, workshops, meetings, cross functional teams, and surveys. Cycles of improvement through cross functional teams are evident for some support processes.

- Supplier and support capabilities are considered early in the product and service design process through pre-qualification of consultant engineers and contractors, development of consultant's contracts, industry input and establishing consistent levels for construction letting and consultant support during work program development.

- Consultants, and contractors are selected through a selection and competitive bidding process. These requirements are for these two suppliers are in place and their performance is evaluated through quality assurance reviews, audits and inspections in-depth (IID). In addition, feedback and evaluation are provided through process performance reviews and material testing.

Category 6 - <u>Process Management</u>

(cont.)

This category addresses the organization's: ***Management of Product and Service Processes, Management of Support Processes, and Management of Supplier and Partnering Processes.***

<u>Opportunities for Improvement</u>

- Support processes are not currently designed to contribute to the execution of core processes and the achievement of the organization's goals. Moreover, current measures are unable to assess the extent to which support processes are operating effectively and efficiently. Without a systematic analysis of support service capabilities, the organization may find it difficult to evaluate and improve operational effectiveness.

- Other than with consultants and contractors, no supplier processes are designed, measured and tracked to ensure that performance meets the organization's requirements. Without a partnership with all suppliers, such as exists with most consultants and contractors, the organization may not be reaching its full potential in many areas.

7.0   Business Results

The Business Results Category examines the organization's performance and improvement in key business areas - customer satisfaction, financial and marketplace performance, human resource, supplier and partner performance, and operational performance. Also examined are performance levels relative to competitors.

Category 7- Business Results

This category addresses the organization's: ***Customer Satisfaction Results, Financial and Market Results, Human Resource Results, Supplier and Partner Results, and Organization Specific Results.***

Strengths

- The organization shows positive trends in the following key result areas:)l commitment of federal funds; and 2) percentage of crashes where road conditions were contributing factors has been trending downward from 1993 to 1996.

- Over a five year period there is a downward trend in the number of reported accidents and in money paid in worker's compensation claims.

- Interest paid on delinquent payment of invoices decreased from $283,500 in FY 95 to $25,400 in FY 97.

- Data reported for bond ratings show a favorable trend for the last three years. Bond ratings have been upgraded from A+ to Al rating during this time period. Comparison data for similar providers are described for this measure.

Opportunities for Improvement

- The organization does not show positive trends for:
  - number of contracts executed
  - dollar amounts executed
  - number of projects certified
  - percentage rate of negotiated and condemned parcels
  - number of contracts let by physical year
  - dollar amount let by physical year
  - original time versus final time by fiscal year
  - original contract amount versus supplemental agreements
  - disadvantage business enterprise achievements
  - administrative cost as a percentage of total program
  - operational cost per toll transaction
  - numbers of bridges repaired
  - bridge replacement
  - resurfacing

Category 7- *Business Results*

This category addresses the organization's: *Customer Satisfaction Results, Financial and Market Results, Human Resource Results, Supplier and Partner Results, and Organization Specific Results.*

- With the exception of fatal crashes per 1 00 million vehicle miles no other comparative data was provided.

- No results were provided related to customer satisfaction.

- No results were provided related to the organization's key measures for human resources performance.

- No results were provided related to supplier performance.